

VI. Department of Commerce -- William McCoshen, Secretary

The Department of Commerce requests the following:

1. Increase the appropriation under s. 20.143(3)(r) Safety and Buildings Operation; Petroleum Inspection Fund by \$598,200 SEG in 1996-97 for one-time costs associated with upgrading petroleum laboratories.
2. Increase the appropriation under s. 20.143(3)(w) Petroleum Storage Environmental Remedial Action; Administration by \$160,000 SEG in 1996-97 for the development and maintenance of a PECFA database.
3. Increase the appropriation under s. 20.143(3)(v) Petroleum Storage Environmental Remedial Action; Awards by \$30,000,000 in FY97 for payment of additional PECFA awards.

Governor's Recommendation

Approve the request.



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608)

Staff Recommendation:

A - 1

B - 1

C - 2

Se

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Commerce -- Request for PECFA and Petroleum Inspection Laboratory Funds --
Agenda Item VI

BACKGROUND

The Department of Commerce requests an increase of \$30,758,200 SEG in 1996-97 for the following purposes: (1) \$598,200 in one-time funding for remodeling and upgrading of 14 petroleum inspection laboratories; (2) \$160,000 for maintenance and development of a PECFA data base; and (3) \$30,000,000 for PECFA awards (petroleum environmental cleanup fund awards). Segregated funding would be provided from the petroleum inspection fund which receives revenues from the three cents per gallon petroleum inspection fee imposed on all petroleum products brought into Wisconsin. The request is summarized in Table 1.

TABLE 1

Department of Commerce s. 13.10 Request

Components of Request	Amount Requested
Petroleum Inspection Laboratory Remodeling	\$598,200
PECFA Data Base	160,000
PECFA Awards	<u>30,000,000</u>
Total	\$30,758,200

ANALYSIS

Petroleum Inspection Fund Balance

The primary use of the petroleum inspection fund (PIF) is to fund the petroleum environmental cleanup fund award (PECFA) program currently administered by the Department of Commerce. The PECFA financial reimbursement program was transferred from the Department of Industry, Labor and Human Relations (DILHR) effective July 1, 1996. Responsibility for administering cleanup of low- and medium-priority PECFA and non-PECFA eligible petroleum sites was transferred from the Department of Natural Resources (DNR) to Commerce effective July 1, 1996. At current funding levels, approximately 83% of PIF expenditures in 1995-97 will be for PECFA awards and administration.

In addition to funding the PECFA program, the PIF also provides funding for a number of environmental programs administered by Commerce, DNR, and the Departments of Agriculture, Trade and Consumer Protection, Military Affairs, Transportation and Revenue. The largest of these programs are Commerce's programs to inspect petroleum products and petroleum products storage systems and to regulate underground and aboveground storage tanks. Other programs include a transfer to the environmental fund for environmental repair, groundwater management and well compensation, and programs related to air quality management, pollution prevention, petroleum unfair sales enforcement, weights and measures regulation, local emergency response teams and collection of the petroleum inspection fee.

Currently, the estimated balance of the PIF will be \$44.4 million on June 30, 1997. The Commerce request would reduce the balance to \$13.6 million as shown in Table 2. However, the balance would include approximately \$8.8 million in July, 1997 revenue that would be credited to the 1996-97 balance but would not be available in the cash balance of the fund for expenditure until July, 1997. That is, June billings are generally not received as revenues until July. If the entire anticipated fund revenues would be expended in 1996-97, the cash flows would, at some point, cause the fund balance to be negative until the July, 1997, revenues are actually received. This practice is generally not permitted by state cash management practices. Thus, the available cash balance on June 30, 1997 would be approximately \$4.8 million.

TABLE 2

**Petroleum Inspection Fund Condition Statement
(In Millions)**

	<u>1995-96</u>	<u>1996-97</u>
Opening Balance	\$32.2	\$17.5
Petroleum Inspection Fee	109.3	105.0
Interest Income and Other	<u>3.9</u>	<u>0.2</u>
Total Revenues Available	\$145.4	\$122.7
Expenditures and Reserves		
PECFA Awards and Administration*	\$108.8	\$62.9
Other Expenditures	19.1	18.2
Estimated Lapses and Encumbrances	0.0	-2.8
Commerce s. 13.10 Request	<u>0.0</u>	<u>30.8</u>
Total Expenditures	\$127.9	\$109.1
Closing Balance	\$17.5	\$13.6
July Revenue Unavailable for Expenditure in 1996-97	--	<u>-8.8</u>
June 30, 1997 Available Balance	--	\$4.8

*Expenditures in 1995-96 exceed authorized levels in 1996-97 primarily because \$107 million of the \$168 million biennial PECFA appropriation was expended in the first year, leaving authorized expenditures of only \$61 million available for 1996-97.

Petroleum Inspection Laboratory Remodeling

DILHR's public sector safety inspection program inspects employment places owned by governmental employers. The public sector safety inspectors issued several orders from 1992 through 1995 that directed DILHR to correct numerous health and safety code violations at the agency's 14 petroleum inspection laboratories. In 1995, DILHR administrators and union officials discussed methods to correct fire, health and safety code violations and DILHR developed a health and safety compliance plan for the laboratories. In August, 1995, a DILHR hearing examiner recommended implementation of the plan. DILHR administrators agreed to carry out the plan and to have final contracts in place for facility modifications by June of 1997. A case filed by AFSCME Local 333 in Lafayette County Circuit Court challenging the hearing

examiner's authority and requesting the Court to order DILHR to enforce the safety orders was dismissed as outside of the Court's jurisdiction. Commerce has asked the public sector safety inspectors to adjust the compliance time schedule to reflect the current s. 13.10 request that would satisfy the building construction compliance items related to six laboratories by June, 1997, and the remainder during 1997-99.

In November, 1995, DILHR and the Department of Development (the Department of Commerce effective July 1, 1996) submitted a s. 13.10 request for an increase of \$1,733,300 SEG in one-time funding in 1995-97 to make numerous remodeling and health and safety improvements at 14 petroleum inspection laboratories throughout the state. On December 12, 1995, the Joint Committee on Finance approved \$430,800 SEG in one-time funding in 1995-96 for equipment and facility design services and placed the funds in unallotted reserve. The Committee also deferred consideration of funding for 1996-97 until design consultant cost estimates of work needed at each existing and proposed laboratory would be presented to the Committee. On July 10, 1996, the Committee approved the release of \$395,100 SEG of the \$430,800 SEG from unallotted reserve in 1995-96 to cover planned expenditures for petroleum laboratory equipment and remodeling improvements.

On August 7, 1996, the Building Commission approved Commerce's request to plan, bid and construct petroleum laboratory upgrades at 14 locations (three owned and 11 rented facilities) with construction-related costs of \$1,351,300. Commerce currently estimates that construction costs will be \$1,317,600 (the difference was paid from 1995-96 funds). Seven laboratories will remain at their existing locations and the other seven will be moved to different sites in the same geographic area. Current cost estimates are based on work done by an engineering firm under contract with the Department. The engineering firm has surveyed nine locations in detail to determine the required changes and associated costs at each of the nine sites. Seven of nine sites will remain in their existing locations. Costs for five of the seven laboratories to be moved have been estimated based on the average cost of the nine sites that have been surveyed in detail because the new location has not been finalized. The locations for two of the sites to be moved, Milwaukee (currently located in Waukesha) and Beloit, have been finalized.

Commerce requests \$598,200 in one-time funding in 1996-97 to be used to upgrade six of the 14 laboratories. The Department would make several upgrading and remodeling improvements to correct fire, health and safety code violations and to meet requirements of the federal Americans With Disabilities Act (ADA). Improvements would include components such as: (a) bringing laboratory walls, ceilings and doors to the proper fire rating; (b) upgrading electrical systems; (c) improving ventilation, heating and air conditioning; and (d) modifying plumbing and other site features to comply with ADA. The six laboratories have been included in the engineering detailed survey of nine laboratories. The six sites would include Milwaukee and Beloit, which would be moved, and McFarland, Green Bay, La Crosse and Stevens Point, which would remain at their existing sites. Department officials indicate that the engineering firm could begin preparation of construction drawings for the six locations as soon as the Committee approves the funding. They anticipate that work would be completed on the six locations by the summer of 1997. Commerce officials indicate that the six locations are the

highest volume laboratories and have been chosen as the six locations where work could be expected to be completed in 1996-97.

Approval of the requested 1996-97 funding would allow Commerce to proceed with laboratory improvements where detailed costs are known. It would also allow Commerce to comply, for six of 14 laboratories, with the original 1995 compliance schedule deadline of June of 1997 for completing final contracts.

Commerce plans to request \$719,400 in one-time funding in 1997-98 as part of the agency's 1997-99 biennial budget request for the other eight petroleum laboratories. This includes the three laboratories at Hudson, Fond du Lac and Hazel Green that would remain at their existing locations and have been surveyed in detail by the engineering firm, but are a lower priority than other sites to be completed in 1996-97. It would also include five laboratories in Chippewa Falls, Kenosha, Superior, Spooner and Rhinelander that would be moved to new locations in the same geographic area. While Commerce has not identified final locations for the five sites at which project costs have been estimated, the Department expects project costs to be within the average estimate. After the Department identifies five final locations and the engineering firm surveys detailed costs at five actual sites, total costs for 1997-98 may differ from the estimated amount.

PECFA Data Base

Commerce requests \$160,000 SEG in 1996-97 for maintenance and development of a PECFA data base. The funds would be used to hire two contract computer programmers for eight months, from November, 1996 through June, 1997, to: (a) make programming modifications necessary to maintain the current PECFA financial tracking system ("Tracker"); and (b) begin to identify and develop elements needed in a new data base system. Commerce would use the same contracting company that is currently providing programming services to the Safety and Buildings Division at a contract cost of \$10,000 per programmer per month. Commerce indicates that it will request approximately \$300,000 SEG annually in its 1997-99 biennial budget request to continue with PECFA automation needs.

Commerce officials indicate that during 1995-96, DILHR contracted with a company to provide computer programming and automation services related to plan review, inspection and certification functions of the Safety and Buildings Division, petroleum inspection program and the underground and aboveground storage tank regulation program. DILHR decided to omit upgrading of the PECFA Tracker from that automation project due to the complexity of the PECFA program and its automation needs. Commerce officials indicate that the Department is submitting the request now instead of waiting until 1997-99 biennial budget deliberations because: (a) the Department is concerned that the Tracker is not strong enough to last one or two years; and (b) it would be possible to utilize current contract programmers beginning in November, 1996 after they complete work for the Safety and Buildings Division, petroleum inspection and tank regulation programs.

The Tracker currently contains site and claim data on about 9,000 PECFA sites and will eventually track up to 20,000 sites. It tracks information about the owner, site location, tank type, approvals of maximum expenditures for investigations and other remediation costs, site closure, submitted costs of each claim for a site, approved costs, date of claim payment and cumulative submitted costs and claims paid.

Commerce has identified a number of problems with the current Tracker. The system is written in a relatively light duty data base program called Access. It was created by PECFA program staff and is maintained with minimal support from data processing staff. The Tracker has experienced recent down times, including a recent three day "crash," that have raised Department concerns that the system is unstable and may have difficulty handling increasing work loads. The PECFA program does not possess documentation about how Tracker works that can be used in the event of problems. Commerce officials indicate that the system lacks security features to prevent intentional or unintentional data manipulation of PECFA site and claim records.

Commerce is adding information about site closure decisions as the Department assumes responsibility for closing low- and medium-priority sites and receives information from DNR about closure of high-priority sites. Commerce is not currently able to link information in the Tracker with DNR site tracking systems.

Tracker is not able to link multiple sites owned by a single owner for the purpose of tracking annual aggregate information. In response to Legislative Audit Bureau concerns about tracking of annual aggregates (owners are subject to maximum annual awards for costs incurred each year), Commerce has created an Excel spreadsheet to track the year in which costs are incurred by site and owner. Commerce will use this spreadsheet until the information can be incorporated into a new PECFA data base.

Commerce hopes that funding for long-term PECFA automation and data base needs will be a part of 1997-99 biennial budget deliberations. It would also be possible to defer the current request until that time. However, approval of the current request would allow Commerce to temporarily contract with computer programmer consultants to maintain the current system and begin to identify what is needed in a new system.

PECFA Awards

Commerce requests \$30,000,000 SEG on a one-time basis in 1996-97 for payment of additional PECFA awards. Commerce is also requesting a \$7,100,000 annual increase from the \$84,031,700 SEG in base funding (for a total appropriation of \$91,131,700 SEG per year) as part of its 1997-99 biennial budget request.

PECFA awards reimburse owners for a portion of the cleanup costs of discharges from petroleum product storage systems and home heating oil systems. The amount of reimbursement

varies from a minimum of 75% to over 99% of eligible cleanup costs. Owners of certain underground and aboveground tanks may receive up to \$1,000,000 for the costs of investigation, cleanup and monitoring of environmental contamination. Eligible costs include certain costs for consultant services, soil treatment, equipment used in remediation, laboratory tests, site monitoring, excavation and hauling of contaminated soils. It also includes loan origination fees, loan renewal fees and other interest expenses associated with loans secured by owners for the site cleanup. These loan-related costs accounted for more than 6% of PECFA payments during calendar years 1994 and 1995.

In the first eight months of 1995-96, DILHR paid \$84.9 million in PECFA awards, averaging \$10.6 million per month. In March, 1996, DILHR began limiting PECFA award expenditures to no more than petroleum inspection fee revenues, in part, to avoid a negative cash balance in the PIF. Since then, DILHR and Commerce have paid approximately \$6.0 million in PECFA awards per month. In 1995-96, \$107.0 million in claims were paid. Currently, in 1996-97, \$61.1 million is available for PECFA claim payments.

At the end of August, 1996, there were 1,500 PECFA claims totalling \$130 million waiting to be processed. In addition, as of mid-September, there are almost \$5 million of PECFA claims that have been processed and are waiting to be paid in October. The PECFA program received an average of \$16.5 million in claims per month during the last six months, which equals receipt of almost \$200 million in claims annually.

Under the Commerce request, PECFA claims paid during 1996-97 would increase \$30.0 million to \$91.1 million. Based on the current backlog, the requested \$30 million could pay approximately 340 PECFA claims that would otherwise wait until after June 30, 1997, for payment.

At the current rate of receipt of claims and payment of PECFA awards, the backlog could exceed \$230 million by June 30, 1997. Under the request, the backlog could still exceed \$200 million by June 30, 1997. While the Commerce request states that DNR is currently reviewing the effectiveness of engineered remedial systems at PECFA sites and is developing other options for remedial sites in the hopes that some sites can be moved to closure or to simple monitoring, those actions will not reduce the current backlog. The DNR activities may decrease future costs at some PECFA sites.

The Commerce request, combined with estimated expenditures and lapses, would leave an available cash balance in the PIF of approximately \$4.8 million. In order to avoid additional interest charges on a portion of the backlog, this amount could be appropriated for PECFA awards during 1996-97, increasing the amount provided from \$30.0 million to \$34.8 million. Alternatively, the cash balance would be available for expenditures in 1997-99.

ALTERNATIVES

A. Petroleum Inspection Laboratory Remodeling

1. Approve Commerce's request for \$598,200 SEG in one-time funding in 1996-97 for remodeling and upgrading of six petroleum inspection laboratories.
2. Deny the request.

B. PECFA Data Base

1. Approve Commerce's request for \$160,000 SEG in 1996-97 for maintenance and development of a PECFA data base. In addition, specify that the funding will be one-time.
2. Deny the request.

C. PECFA Awards

1. Approve Commerce's request to provide one-time funding of \$30,000,000 SEG from the petroleum inspection fund in 1996-97 for additional PECFA awards.
2. Provide one-time funds of \$34,800,000 SEG (petroleum inspection fund) in 1996-97 for additional PECFA awards.

3. Deny the request.

Prepared by: Kendra Bonderud

MO# ~~A1, B1, C2~~

BURKE	<input checked="" type="radio"/>	N	A
ANDREA	<input checked="" type="radio"/>	N	A
GEORGE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
WINEKE	<input checked="" type="radio"/>	N	A
WEEDEN	<input checked="" type="radio"/>	N	A
COWLES	<input checked="" type="radio"/>	N	A

2 BRANCEL	<input checked="" type="radio"/>	N	A
FOTI	<input checked="" type="radio"/>	N	A
SCHNEIDERS	<input checked="" type="radio"/>	N	A
OURADA	<input checked="" type="radio"/>	N	A
HARSDORF	<input checked="" type="radio"/>	N	A
PORTER	<input checked="" type="radio"/>	N	A
LINTON	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

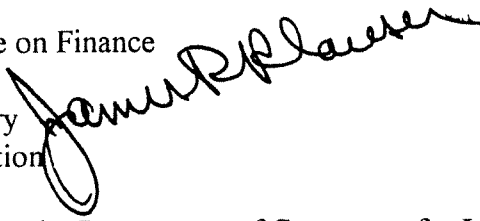
AYE 14 NO 0 ABS 2

CORRESPONDENCE MEMORANDUM

STATE OF WISCONSIN
Department of Administration

Date: September 19, 1996

To: Members, Joint Committee on Finance

From: James R. Klauser, Secretary
Department of Administration 

Subject: Section 13.10 Request from the Department of Commerce for Increased Expenditure Authority of PECFA Funds.

Request

The Department of Commerce (Commerce) requests the following:

1. Increase the appropriation under s. 20.143 (3)(r)-Safety and Buildings Operation; Petroleum Inspection Fund by \$598,200 SEG in FY97 for one-time costs to upgrade petroleum laboratories.
2. Increase the appropriation under s. 20.143 (3)(w)-Petroleum Storage Environmental Remedial Action; Administration by \$160,000 SEG in FY97 for the development and maintenance of a PECFA database.
3. Increase the appropriation under s. 20.143 (3)(v)-Petroleum Storage Environmental Remedial Action; Awards by \$30,000,000 in FY97 for payment of additional PECFA awards.

Background

1. Petroleum Laboratories

Currently, the department is operating 14 laboratories across the state; 12 of which serve pipeline terminals and assigned geographic areas and the remaining two only have geographic responsibilities. The laboratories are used to perform testing of product samples for environmental and operational properties. Samples are taken from pipeline terminals, bulk plants, retail sites and through requests by the public.

In December 1995, the department requested \$1,733,265 SEG under s. 13.10 to address various health and safety and building code violations in the laboratories. The Joint Committee on Finance approved funds to address some of the immediate health and safety concerns, such as installation of fume hoods, and \$395,100 SEG were released from unallotted reserve for this purpose in July 1996. The approval of additional funds was deferred by the Committee until more specific cost and design estimates would be performed. In the meantime, the department has obtained such studies and plans have

been approved by the Building Commission. The department has also identified new locations for some of the laboratories. Examples of remaining construction work are installation of separate heating and cooling systems for the laboratories and adjacent offices and creating two-hour fire wall protection between the laboratories and the offices.

2. Database

The Department of Commerce is involved in database development efforts, which were started by the Department of Industry, Labor, and Human Relations (DILHR) prior to the transfer of the program to the department effective July 1, 1996. The projects focus on plan review, inspection, and certification functions in the Divisions of Safety and Buildings and Environmental and Regulatory Services. Although the functionality needed for a PECFA database closely resembles that of plan review and certification functions, the financial capabilities needed for a PECFA database are substantially more complex. For that reason, the department is focusing its database development efforts on the plan review, inspection, and certification functions, and will improve the PECFA database later.

Currently, the Division of Environmental and Regulatory Services that oversees the PECFA fund is operating a database using Microsoft Access software. The program fulfills most tracking needs. However, the ever increasing number of claims and sites and additional functionality needs, such as geographic locators, site closure tracking, calculation of aggregates and DNR access cannot be satisfied by the system. The department is concerned that the system may not be able to function as more data and functions are added. In the past, the system was inoperable for three days, paralyzing the entire PECFA program.

The department has requested \$160,000 SEG to contract with the consultants who are working on the department-wide database efforts, from November 1, 1996 to June 30, 1997 to:

1. Stabilize the existing system;
2. Provide some of the needed capabilities for which no in-house expertise exists; and
3. Set the parameters for the new database that would be developed during the 1997-99 biennium.

This PECFA-related project would be funded with Petroleum Inspection Fund revenues.

3. Petroleum Inspection Fund Condition

The Petroleum Environmental Cleanup Fund Award (PECFA) program reimburses responsible parties for a portion of the cleanup costs of discharges from petroleum product storage systems and home heating oil systems. Funds for the program are

generated through a three cent petroleum inspection fee assessed against petroleum fuels imported into the state. These revenues are deposited in the segregated Petroleum Inspection Fund. In FY96, \$109.5 million was collected through this fee with \$105 million projected for FY97. Revenues are not only used to fund PECFA awards; \$21.1 million SEG in FY96 and an estimated \$19.1 million SEG in FY97 are used to fund several other programs and the administration of PECFA. Programs funded include: weights and measures inspections at the Department of Agriculture, Trade and Consumer Protection; air management programs at the Departments of Natural Resources and Transportation; and supplements to the Environmental Fund. Expenditures are expected to drop from \$128 million to \$80.9 million, because \$22.8 million of FY97 funds in the biennial appropriation were shifted to FY96 to continue grant awards payments. Without this shift, payments would have ceased in March 1996.

The fund condition for the 1995-97 biennium is described below:

	<u>FY 1995-96</u>	<u>FY 1996-97</u>
Opening Balance	\$ 32,225,700	\$ 17,721,400
Estimated Revenues		
* Petroleum Fee	109,470,700	105,000,000
* Other Revenues	3,954,900	2,827,900
Estimated Expenditures	<u>127,929,900</u>	<u>81,096,100</u>
Total Balance	\$ 17,721,400	\$ 44,453,200

While the Petroleum Inspection Fund has a projected balance of \$44.45 million through June 30, 1997, this only reflects amounts appropriated. Currently, Commerce has a \$115.9 million backlog in PECFA awards. In addition, claims and awards are expected to continue to increase over FY96 because of expanded eligibility, on-going operation and maintenance of sites, identification of previously undiscovered leaking storage tanks, and approaching federal cleanup and state statutory program deadlines in 1998. Based on projections of current trends, the claim backlog could grow to over \$150 million by the end of the 1995-97 biennium. In 1994, the Legislative Fiscal Bureau (LFB) estimated that the demand on the PECFA fund between fiscal years 1994-2008 would be approximately \$1.2 billion. However, the demand experienced in FY94, FY 95 and FY96 has been significantly higher than predicted in the LFB model. It is not clear if this higher than expected demand is due to additional site clean-ups and higher than predicted operation and maintenance expenses, or if claims are being made earlier than expected to meet the state and federal deadlines in 1998. If the overall estimate of \$1.2 billion is correct, the outstanding demand on the fund is approximately \$900 million. In order to ensure timely

payment of awards for site cleanup and to avoid interest costs to the state, Commerce in requesting an increase of \$30 million in the PECFA award appropriation in FY97.

The development of incoming claims is shown below:

<u>Fiscal Year</u>	<u>Number of Claims</u>	<u>Amount of Claims</u>
1994-95	1,478	\$94.6 million
1995-96	2,040	\$162.56 million
1996-97 (projected)	2,040	\$162.56 million

In April, the Joint Committee on Finance approved a pilot program in the Department of Natural Resources to reduce the on-going costs associated with sites requiring continuous pumping and treating of wastes. The goal of the pilot is to identify sites where pump and treat activities have little value and can be closed. Preliminary estimates are that \$31.2 million could be saved if a majority of the identified sites can be closed. The first progress report of the pilot program is due in November 1996.

Analysis

1. Petroleum Laboratories

The department has been found in violation of health and safety standards and needs to make significant progress by the end of FY97 to avoid potential court action. However, the construction work needs to be performed in a way that allows the laboratories to continue operating. The department plans to complete the work in two phases: six sites in FY97 and eight sites in FY98. Cost estimates for the construction work have been quantified for each site, the remaining cost categories apply to the entire project. The following table summarizes the cost estimates for phase 1:

<u>Category</u>	<u>Amount</u>
Construction and Contingency	
* Milwaukee	\$ 91,300
* Beloit	\$ 96,100
* McFarland	\$ 85,800
* Green Bay	\$ 91,300
* La Crosse	\$ 62,200
* Stevens Point	<u>\$ 58,600</u>
Total Construction and Contingency	\$485,300
Division of Facilities Development	\$ 19,400
Design and Administration	\$ 60,100
Plan Printing	\$ 12,000
Site Surveys Remaining	<u>\$ 21,600</u>
Total for FY 97	\$598,400
<i>Anticipated construction cost for FY98</i>	<i>\$719,200</i>

Currently, the department pays little or no rent for most sites and it anticipates that rent payments for most sites will increase. However, no estimates exist regarding the level of payment increases after the renovations are completed. Therefore, the department is not requesting any funds at this time to meet anticipated rent increases.

2. Database

The department maintains the central database for PECFA sites in the state. While the 1995-97 budget transferred responsibility for low and medium priority leaking underground storage tanks (LUST) from the Department of Natural Resources (DNR) to the department, the responsibility for high priority sites remained in DNR. However, DNR continues to communicate the total number of active LUST sites to the U.S. Environmental Protection Agency. This information is used to calculate federal funds received by the state. In order to perform this function effectively, DNR needs access to the PECFA database, which is currently not possible.

In addition, the current database does not have the capability to track closure information effectively. Given that the state is making great efforts to close sites, this capability is critical. The Legislative Audit Bureau's financial audits have criticized the program for not having the capability to track aggregate payments for sites and claimants. This lack of functionality can result in overpayments to claimants with multiple sites. When the 1995-97 budget was developed, these deficiencies had not been anticipated.

Microsoft Access software was initially chosen for the PECFA database because it is well suited for smaller applications with a limited number of data elements and users. Oracle, the future database, is designed to process complex records; allows different access points; and offers security features. Considering the large amounts of data the PECFA program is processing and the need for accessibility by two agencies, Oracle will be the database of choice according to the newly released statewide database software standard. Although the department will continue to work on its Access database, significant time would be devoted to laying the ground work for the new Oracle database, for which the department will request funds in the 1997-99 budget.

The department requests \$160,000 SEG for the upgrading of the current system and preparatory work for the new Oracle database. The following cost estimates are based on the current contract rates for programmer staff:

Number of programmers	2
Number of months	8
Cost per month per programmer	\$ 10,000
Total cost	\$160,000

Deferring the upgrade of the current system could lead to a delay in site closures and overpayments, which could cost the state several million dollars. In the worst case scenario, undetected loss of records could occur or the database could even cease operation due to memory overload and inefficient memory use.

3. Petroleum Inspection Fund Condition

Current projections indicate that at the end of the biennium the fund will have a balance of \$44.45 million. The higher than expected balance results from considerably higher revenue collections than were projected during development of the 1995-97 budget. However, actual demand on the fund greatly exceeds existing revenues and appropriation levels, due to approaching federal and state program deadlines in 1998. In order to temporarily satisfy some of the increased demand, the program requested an administrative increase of its FY96 award appropriation from \$84.1 million to \$106.9 million. All additional funds were expended in FY96, leaving only \$61.1 million in the appropriation for the current fiscal year, which is insufficient to cover all eligible claims.

While the requested increase of \$30 million for PECFA claims will also be insufficient to satisfy all eligible claims, the additional funds will help reduce interest costs to the state. If no additional funds are released, the program will be unable to make award payments after February 1997. By releasing the additional funds the program may save at least \$500,000 SEG to use for additional awards. The final savings depend on the interest rate at the time, since the state pays two percent above prime rate on all reimbursable claims.

Making an additional \$30 million available for claims in this biennium will reduce the opening balance for the next biennium, and therefore, reduce the number of claims that can be reimbursed in the 1997-99 biennium. Paying claims early will reduce interest costs in the short-term. Grant award demands may also be reduced from current estimates depending on the outcome of the engineered site pilot program.

4. Summary

Assuming that all of the department's requests are approved, the fund balance would be as follows:

Ending balance on June 30, 1997, without the request	\$44,453,000
Laboratories	(598,200)
Database	(160,000)
Award increase	<u>(30,000,000)</u>
Revised Ending Balance	\$13,694,800

A significant ending balance must be maintained to account for variances in fee collection patterns and to comply with state accounting standards.

Recommendation

Approve the request.



VI
123 West Washington Avenue
P.O. Box 7970
Madison, Wisconsin 53707
(608) 266-1018

Tommy G. Thompson, Governor
William J. McCoshen, Secretary

August 28, 1996

The Honorable Ben Brancel
Co-Chair, Joint Committee on Finance
119 Martin Luther King, Jr. Blvd.
Room 2 Lower Level
Madison, Wisconsin 53702

The Honorable Brian Burke
Co-Chair, Joint Committee on
Finance
100 North Hamilton
Room 302
Madison, Wisconsin 53702

Dear Co-Chairs:

The Department of Commerce requests an increase of \$598,200 in SEG appropriation s. 20.143 (3)(r) (Safety and Buildings Operations; Petroleum Inspection Fund) in SFY97 for one-time costs associated with upgrading petroleum laboratories and \$160,000 in SEG appropriation s. 20.143 (3) (w) (Petroleum Storage Environmental Remedial Action; Administration) in SFY97 for maintenance and development of a PECFA data base and \$30,000,000 in SEG appropriation s. 20.143 (3) (v) (Petroleum Storage Environmental Remedial Action; Awards) in SFY97 for payment of additional PECFA Awards. These funds will be used in the Environmental and Regulatory Services Division (ERS).

More detailed information supporting this request is enclosed. Should you have questions about this request, please contact Jane Drake at 266-0271 or Bill Morrissey at 266-7605.

Sincerely,

Thomas H. Taylor, Deputy Secretary
for: William J. McCoshen
Secretary, Department of Commerce

**Department of Commerce
Environmental and Regulatory Services Division**

**Supplemental Funding Request
under s. 13.10**

August 28, 1996

REQUEST

The Department of Commerce requests an increase of \$598,200 in SEG appropriation s. 20.143 (3)(r) (Safety and Buildings Operations; Petroleum Inspection Fund) in SFY97 for one-time costs associated with upgrading petroleum laboratories and \$160,000 in SEG appropriation s. 20.143 (3) (w) (Petroleum Storage Environmental Remedial Action; Administration) in SFY97 for maintenance and development of a PECFA data base and \$30,000,000 in SEG appropriation s. 20.143 (3) (v) (Petroleum Storage Environmental Remedial Action; Awards) in SFY97 for payment of additional PECFA Awards. These funds will be used in the Environmental and Regulatory Services Division (ERS).

BACKGROUND

In November, 1995 the department requested an increase of \$1,733,265 for one-time costs to address a number of employee health and safety issues associated with the petroleum inspection program, including complying with outstanding building code violations and to concurrently modernize laboratory testing equipment and facilities. At the December 12, 1995 meeting under s. 13.10, the Joint Committee on Finance directed \$430,800 be placed in unallotted reserve for equipment and facility design services. These funds were to be released after the department submitted an expenditure report on the use of the funds. The Committee also deferred consideration of \$1,233,200 in fiscal 1996-97 funding until the design consultant cost estimates were available.

The department submitted the expenditure report in June, 1996 and the request was referred to the Joint Committee on Finance for consideration at the July 10, 1996 meeting. At that time, \$395,100 was released.

On August 6, 1996, the Wisconsin State Building Commission approved the department's request to plan, bid and construct petroleum laboratory upgrades at three (3) owned and eleven (11) rental facilities. Construction-related costs included in the request to the Building Commission were \$1,351,300. These costs have since been modified and the construction costs are now estimated to be \$1,317,600. The reduction reflects \$37,000 paid in SFY96 in A&E survey fees.

Because of the time elapsed between the original request and now, the plan to complete the upgrades in SFY97 is no longer feasible. The amount requested for SFY97 is \$598,000. The remaining \$719,400 needed for completion of all projects has to be deferred to the 97-99 biennial budget.

REVENUE SOURCE FOR APPROPRIATIONS

Revenue for this request would come from the Segregated Petroleum Inspection Fund. Petroleum Inspection Fund revenues are generated by the 3 cent per gallon inspection fee imposed in Chapter 168 on all petroleum products inspected. Annual revenue is projected to be:

SFY97	\$105,000,000
SFY98	\$106,050,000
SFY99	\$107,110,500

The fund balance at the end of SFY96 was \$17,523,000. Current budget authority for SFY97, including authorized carry-forward encumbrances is \$81,042,617. This will leave \$41,480,383 unencumbered at the end of SFY97.

Approval of this request will reduce the unencumbered amount to \$10,722,183.

Because approval of this request will have a long-range impact on the solvency of the Petroleum Inspection Fund, the summary which follows reflects anticipated biennial budget request amounts as well as the amounts requested at this time.

SUMMARY OF REQUEST

<u>REQUEST BY YEAR</u>	<u>SFY 96-97</u>	<u>SFY 97-98</u>	<u>SFY 98-99</u>
Remodeling for Code Compliance	\$ 598,200	\$ 719,400	NONE
PECFA data base	\$ 160,000	\$ 300,000	\$ 300,000
PECFA Payments	\$30,000,000	\$ 7,100,000	\$ 7,100,000
Other Biennial Requests		\$ 500,000	\$ 500,000
 Total Agency Request	 \$30,758,200	 \$8,619,400	 \$7,900,000

See the attachments to this request for further information on revenue and expenditure projections for SFY97, SFY98 and SFY99.

REQUEST: Improve employee safety, fire safety and ADA compliance within the laboratories by bringing all laboratory facilities up to current code requirements.

<u>REQUEST BY YEAR</u>	<u>SFY 96-97</u>	<u>SFY 97-98</u>	<u>SFY 98-99</u>
Remodeling for Code Compliance	\$ 598,200	\$ 719,400	NONE

The petroleum inspection program operates laboratories throughout the state which are used to perform the testing of petroleum products for environmental and operational properties. Product samples are obtained in inspections performed at pipeline terminals, bulk plants, retail sites and through requests by the public.

Originally, the laboratory testing of petroleum products was designed to assure that petroleum brought into the state met standard operational properties and requirements. The program verified issues such as whether gasolines were free of contamination from other products, that fuels would start vehicles during winter and summer months and that heating fuels were not contaminated with products which would cause explosions or fires.

In recent years, the focus of petroleum testing has taken on additional environmental issues. Fuels are being tested for sulfur, lead, benzene, oxygen content, aromatics and olefin levels. Testing is used to verify that products marketed as being reformulated and cleaner truly are and that gasolines sold have vapor pressures that reduce their contribution to VOC emissions.

Petroleum inspection laboratories are located throughout the state to service local areas. The facilities are positioned very close to the pipeline terminals so that products can be tested and approved on a daily basis. Problems which are identified result in the closure of major product supplies and, consequently, immediate access to test facilities is necessary to serve the petroleum industry. When petroleum products are rejected, program staff work on a continuous basis to blend, test or take whatever action is possible to both protect the public and get the petroleum facility back into operation.

Currently, the program has 12 laboratories which serve pipeline terminals in addition to an assigned geographic area. Two other area labs have geographic responsibilities only. The decentralization and regionalization of testing services is a key element in the program's ability to respond to industry and consumer problems. Without the network of laboratories, test results would be delayed for days and the correction of petroleum products to meet state code requirements could extend to weeks. This would have a major financial impact on refiners, retailers and the public.

The Petroleum Inspection program is working to update its equipment and facilities in order to respond to clear health and safety hazards that have been identified in the laboratories. Recent monitoring of the laboratories for hazards has identified that allowable exposure limits for benzene and other carcinogenic chemicals may be exceeded

at points in time. In addition, the laboratories have been cited through orders issued by the State Public Sector Safety Program to upgrade the ventilation, construction, and flammable storage methods used in the laboratories.

A combination of new test technologies, test responsibilities and safety problems across the network of laboratories necessitated the development of a comprehensive plan to bring the facilities up to standards that would allow the safe accomplishment of program goals and responsibilities. Because of similar issues and needs in each facility in the state, a complete comprehensive plan of improvements is the most cost effective method of achieving the required improvements.

COMPLIANCE PLAN

To accomplish compliance with the orders which have been issued, reduce the health hazards that may exist and modernize testing processes - a comprehensive plan has been developed. The key elements of the plan are to:

- Utilize new test methodologies to reduce vapor generation and escape during the testing process
- Provide for the capture and exhaust of test vapors through the use of laboratory exhaust hood systems
- Improve fire safety within the laboratories by providing a level of hazard isolation, better flammable storage, updated electrical systems and better handling methods
- Provide for the development and training of staff in a chemical hygiene plan
- Protect staff while in the field and while transporting samples

Of the laboratories in the state, seven are expected to remain in their existing facilities. An evaluation of these facilities showed a potential to be upgraded and meet code and ADA requirements. Seven facilities are expected to be moved to new buildings because of the limitations of their current structures.

The facilities used for petroleum testing procedures do not meet current code standards for laboratories dealing with flammable or combustible liquids. Current facilities are generally simple construction that fails to provide for key elements of safety including:

- Fire rating of laboratory walls, ceiling and doors
- Upgrading of electrical systems for a laboratory environment
- Emergency hardware
- Improvements in ventilation and heating/air conditioning systems to prevent recirculating of air and to provide necessary air exchanges
- Plumbing and site work to provide ADA compliance

As part of the total compliance effort, the Department has been working with an engineering firm to determine the detail and costs associated with the required changes at each laboratory sites. To accomplish this, the contracted engineering firm has surveyed

existing and proposed facilities to develop work lists and expected costs. The costs developed are for changes to facilities to provide appropriate ventilation, ADA accessibility, fire safety and other health and safety mandates.

In addition to the construction costs listed in Table 1, laboratory fume hoods and new automated test equipment have also been purchased as part of the hazard control strategy. (Authorization for these expenditures was provided through a previous Joint Finance request.)

TABLE 1

<u>SITE</u>	<u>OWNED</u>	<u>LEASED</u>	<u>FISCAL YEAR WHEN WORK IS PLANNED</u>	<u>EST. CONST. COST INCLUDING CONTINGENCY</u>
HUDSON	YES		97-98	\$ 81,200
CHIPPEWA		YES	97-98	77,500*
FALLS				
STEVENS POINT		YES	96-97	58,600
GREEN BAY		YES	96-97	91,300
FOND DU LAC		YES	97-98	63,300
LACROSSE		YES	96-97	62,200
HAZEL GREEN	YES		97-98	67,400
MCFARLAND	YES		96-97	85,800
BELOIT		YES	96-97	96,100
MILWAUKEE		YES	96-97	91,100
KENOSHA		YES	97-98	77,600*
SUPERIOR		YES	97-98	77,600*
SPOONER		YES	97-98	77,600*
RHINELANDER		YES	97-98	77,600*
TOTAL CONST. & CONTINGENCY				\$1,084,900

NOTE 1: Five sites have been estimated (marked with an *) based upon the average cost of nine sites which have been surveyed in detail. (One site will be re-surveyed because of additional issues at site.) Final locations for the five estimated sites have not been identified yet but projects costs are expected to be within the average estimate.

From the cost detail provided the following summary is constructed:

Construction costs	\$ 986,300
Contingency	\$ 98,600
DFD fee	\$ 43,400
A&E Survey fee (remaining six sites)	\$ 21,600
A&E Design & admin fee	\$ 139,700
Plan printing	\$ 28,000
Total of project	\$1,317,600

The costs associated with SFY 96-97 would be as follows:

Construction & Contingency	\$485,100
Milwaukee	
Beloit	
McFarland	
Green bay	
LaCrosse	
Stevens Point	
DFD Fees	19,400
Design and Admin.	60,100
Plan Printing	12,000
<u>Site Surveys Remaining</u>	<u>21,600</u>
Total for Year	\$598,200
Balance in the biennial budget	\$719,400.

Contracts for lab upgrades in State owned facilities will be bid and managed through DFD. Improvements in leased sites will be negotiated with lessor on a site by site basis through DOA leasing based upon competitive bids. Design drawings and construction specifications for all sites will be prepared by the project A/E to assure quality control.

The laboratory upgrade effort anticipates the program needing to front end fund much of the work to make the spaces code/plan complying. This approach is being taken to minimize long term cost per square foot rental charges and because of a belief that landlords will not be willing to invest in specialized facility work without an excessive rental premium.

Even with the front end funding of costs, the program will experience an increase in annual rental rates because the program has a significant number of current sites with very low or no rental rates. These costs will increase and the additional per square foot cost will be requested as a base adjustment in the next biennial budget request.

REQUEST: Allocation of petroleum inspection revenues to the development of a PECFA data base.

<u>REQUEST BY YEAR</u>	<u>SFY 96-97</u>	<u>SFY 97-98</u>	<u>SFY 98-99</u>
PECFA data base	\$ 160,000	\$ 300,000	\$ 300,000

Current data base development efforts, within the Department of Commerce, are concentrating on plan review, inspection and certification functions. This concentrated effort is designed to provide basic functionality for these work processes prior to the physical movement of the Safety and Buildings and Environmental and Regulatory Services Division programs out of GEF I. This initial effort will provide only the minimum level of functionality and additional program needs will have to be addressed after completion of this first phase. The impact of this phased development effort is that additional automation needs will be pushed well into the future.

One of the key additional automation issues is the PECFA program. Not included in the initial development effort, the PECFA program has major automation needs and issues. Although the program has elements of plan review and inspection processes (remedial alternative approvals, investigation approvals, site closure decisions, etc.) the nature of the program and its major financial provisions create a level of additional complexity that could not be addressed in the current development efforts.

It is unlikely that the PECFA program issues can be addressed, with current technical resources, within the next three years. This delay in responding to automation needs and problems creates distinct program risks. These include that:

- Wisconsin's largest environmental fund, with over 80 million authorized annual payments, will continue to utilize a financial and site tracking system written by the staff within the program with virtually no technical support.
- The PECFA "Tracker" system is written in "Access", a fairly light duty data base tool, even though it is being used to monitor almost 9,000 sites and may eventually have to track up to 20,000 sites.
- The Tracker system is being asked to provide more functionality as the program takes over responsibility for site closure decisions.
- The current system is inefficient because of the need to continually enter owner names, addresses and other demographic information that is already in the system.
- Tracker is already the subject of an audit issue because of the difficulty that the system has in tracking annual and other aggregates. (The Audit Bureau has criticized the information and tracking system because of its limited ability to track annual aggregates.)
- The system is experiencing an increasing level of problems and down time and concerns are growing that the system is unstable.

The PECFA claim and site tracking system responds to a series of key needs within the PECFA program. These factors are:

- Legislative, public and owner reliance on the data produced by the PECFA system on remediation sites and the status of each site.
- Development of financial data that provides information on what the fund is spending dollars on (interest, consultants, etc.) and what the status of the fund is in relation to statutory caps.
- Tracking site approvals and closure actions to determine progress of environmental remediations.
- Tracking of individual claims awaiting review or in the review process in order to guarantee that claims are reviewed in order and that the program can respond quickly to status requests.
- Tracking of the total dollars paid, by program year, to individual owners and on individual sites. (The PECFA statute has detailed requirements on maximum aggregate payment levels that can not be exceeded.)
- Accurate determination of the dollar value of claims submitted for review, in process, ready for payment and paid on selected time frames (weekly, monthly, yearly, etc.).

The current Tracker system is the only tracking/management information system that exists on the PECFA system. The Tracker system has responded to core needs for a period of time but extensive system limitations dictate the development of a new system. Among these limitations are:

- Inefficient screens
- lack of an ability to tie together multiple sites and corporations to an owner for the purpose of tracking aggregates
- Concerns about the ability to handle the number of sites now included in PECFA
- Problems in providing public access to data in the system (data in system would be extremely useful in redevelopment efforts)
- Inability to interact with DNR tracking systems and need for common site identifier
- Inability to electronically file data within the system
- Necessity to reenter owner names and other demographics on each site for a covered owner

An assessment of the options that exist for developing a true tracking and management information system for the PECFA program yields a clear alternative which builds on the work that is already being done to create a data base for plan review, inspection and certification activities. Under this alternative, funding is sought to continue existing contract programmers. These contract providers are scheduled to be eliminated after current technical vacancies are filled. These contract staff provide a resource to begin a limited scope development of a new Tracker system.

Contract staffing will be available in November and could be continued through the fiscal year and into the next biennium. During this fiscal year, they would work with the

program staff to develop the data elements and functional requirements for a PECFA data base. A major benefit of using existing contract programmers is that they have had direct experience with the plan review and inspection programs. This will simplify the integration of the PECFA systems into the overall data base framework. Costs for the current fiscal year, to continue use of two contract programmers is \$160,000. Costs to continue into the next biennium are estimated to be \$300,000 per year and are scheduled to be included in the Department's biennial budget.

Funding the development of a PECFA data base has costs but also direct program benefits that respond to agency and program goals. These include:

1. Responding to audit issues.
2. Creating a secure data environment.
3. Establishing a format for joint DNR/Commerce tracking of remediation sites.
4. Opening up the possibility of public access to the data for use in redevelopment efforts and property transactions.
5. Reducing employee time spent in maintenance of system data.
6. Reducing filing of letters, site approvals and other documents which can be maintained

REQUEST: Allocation of additional Petroleum Inspection revenues to PECFA for the purpose of claim payment.

<u>REQUEST BY YEAR</u>	<u>SFY 96-97</u>	<u>SFY 97-98</u>	<u>SFY 98-99</u>
PECFA Payments	\$30,000,000	\$ 7,100,000	\$ 7,100,000

The current petroleum inspection fee of 3 cents per gallon is generating revenues higher than originally anticipated. The impact of the higher than expected revenue collection is that additional dollars have been generated which are not currently budgeted for any program activity. The estimate of available revenue, by the end of the fiscal year, is \$30,000,000. The allocation of this additional revenue to PECFA payments will allow the program to fund a segment of the current backlog.

The PECFA program has a current annual allotment of approximately \$84,000,000 per year. This level of funding is currently being exceeded by claim demand. The level of cleanup activity and the number of sites covered by the PECFA statute is currently resulting in an annual claim demand of over \$200,000,000.

The excess of claim demand over funding availability has a series of root causes including the high cost of frequently used engineered remediation systems, failure of sites to meet required remediation standards in reasonable time periods and a need for more alternatives in site remediation.

The Department of Natural Resources is currently working on a review of engineered remedial systems to determine their efficiency and progress. Out of this review there are hopes for a substantial number of site closures and the movement of an additional share of sites to simple monitoring. The closure of sites with engineered systems or the movement to simple monitoring can save PECFA funds.

In addition to the actions with engineered systems, the DNR is also working to provide more options for remedial sites. Specific actions under development include rules on landspreading of contaminated soils, flexible closure alternatives, natural attenuation approaches and criteria for the installation of future engineered systems. These initiatives have the potential to save significant dollars and help reduce the long term cost trend of the PECFA program.

The Department does not propose a change in the Petroleum Inspection fee in order to provide additional funding for PECFA claims. A change in the current claim funding structure would only serve to lessen the progress and focus that is currently on making remediations more effective and responsive to cost issues.

The Department does believe, however, that the release of the excess petroleum revenues for the purpose of claim payment does have merit. These additional revenues will allow the payment of a substantial number of claims that would otherwise be delayed. Failure to allocate the additional revenues to claim payment would unnecessarily delay, without purpose, payment on a segment of claims.

PROJECTIONS NO INCREASE

AGENCY/PROGRAM	SFY97	SFY98	SFY99
CARRY-IN REVENUE	17,523,000	41,480,383	49,584,923
PROJECTED REVENUE	105,000,000	106,050,000	107,110,500
REVENUE AVAILABLE	122,523,000	147,530,383	156,695,423
PRIOR YEAR ENCUMBRANCES	781,500		
CHAPTER 20			
DNR/PECFA Admin	680,600 (1)		
DNR Vapor Recovery Admin			
Air Management	80,000	80,800	82,400
DNR Air Quality Management	1,375,200	1,388,952	1,416,456
DNR Well Comp & Env. Repair	1,049,400	1,059,894	1,080,882
DNR Groundwater Management	759,800	767,398	782,594
DNR Vapor Recovery Grants - Admin	0	0	0
DNR Vapor Recovery Grants - Aids	4,701,864	0	0
DNR Pollution Prevention	140,300	141,703	144,509
DNR Mobile Home Air Pollution	513,400	518,534	528,802
DOT Air Quality	250,500	253,005	258,015
DATCP Unfair Sales Act	94,200	95,142	97,026
DATCP Weights & Measures	203,400	205,434	209,502
DMA Emergency Response	465,700	470,357	479,671
OR Petroleum Inspection (Fees)	101,900	102,919	104,957
TOTAL OTHER AGENCIES	10,416,264	5,084,138	5,184,814
PECFA Admin	1,764,900	1,782,549	1,800,374
Petro & Tanks	6,977,300	7,047,073	7,117,544
COMMERCE ADMIN TOTAL	8,742,200	8,829,622	8,917,918
PECFA Awards	61,102,653	84,031,700	84,031,700
COMMERCE TOTAL	69,844,853	92,861,322	92,949,618
TOTAL AUTHORITY	81,042,617	97,945,460	98,134,432
s. 13.10 Petro Operations			
s. 13.10 PECFA Awards			
B.B. Petro Ops (13.10-related)			
B.B. Petro Ops. (Other requests)			
B.B. PECFA Awards			
ENDING BALANCE	41,480,383	49,584,923	58,560,991

) includes April DNR s.13.10 approval

8/28/96 9:29

CASH FLOW SFY97 NO INCREASE

	SFY97 REVENUE	TOTAL REVENUE	PECFA AWARDS	EXPENDITURES DILHR	OTHER AGENCIES	ENCUM- BRANCES	BALANCE
CARRY-IN	17,523,000						
JUL			5,091,888	728,517	868,022	781,500	10,053,074
AUG	8,750,000	26,273,000	5,091,888	728,517	868,022		12,114,647
SEP	8,750,000	35,023,000	5,091,888	728,517	868,022		14,176,221
OCT	8,750,000	43,773,000	5,091,888	728,517	868,022		16,237,794
NOV	8,750,000	52,523,000	5,091,888	728,517	868,022		18,299,368
DEC	8,750,000	61,273,000	5,091,888	728,517	868,022		20,360,942
JAN	8,750,000	70,023,000	5,091,888	728,517	868,022		22,422,515
FEB	8,750,000	78,773,000	5,091,888	728,517	868,022		24,484,089
MAR	8,750,000	87,523,000	5,091,888	728,517	868,022		26,545,662
APR	8,750,000	96,273,000	5,091,888	728,517	868,022		28,607,236
MAY	8,750,000	105,023,000	5,091,888	728,517	868,022		30,668,809
JUN	8,750,000	113,773,000	5,091,888	728,517	868,022		32,730,383
JULY/JUNE	8,750,000	122,523,000					41,480,383
	105,000,000		61,102,653	8,742,200	10,416,264		
PECFA Awards	61,102,653						
Commerce Admin.	8,742,200						
Other Agencies	10,416,264						
Encumbrances	781,500						

PROJECTIONS WITH INCREASE

AGENCY/PROGRAM	SFY97	SFY98	SFY99
CARRY-IN REVENUE	17,523,000	10,722,183	10,207,323
PROJECTED REVENUE	105,000,000	106,050,000	107,110,500
REVENUE AVAILABLE	122,523,000	116,772,183	117,317,823
PRIOR YEAR ENCUMBRANCES	781,500		
CHAPTER 20			
DNR/PECFA Admin	680,600 (1)		
DNR Vapor Recovery Admin			
Air Management	80,000	80,800	82,400
DNR Air Quality Management	1,375,200	1,388,952	1,416,456
DNR Well Comp & Env. Repair	1,049,400	1,059,894	1,080,882
DNR Groundwater Management	759,800	767,398	782,594
DNR Vapor Recovery Grants - Admin	0	0	0
DNR Vapor Recovery Grants - Aids	4,701,864	0	0
DNR Pollution Prevention	140,300	141,703	144,509
DNR Mobile Home Air Pollution	513,400	518,534	528,802
DOT Air Quality	250,500	253,005	258,015
DATCP Unfair Sales Act	94,200	95,142	97,026
DATCP Weights & Measures	203,400	205,434	209,502
DMA Emergency Response	465,700	470,357	479,671
DOR Petroleum Inspection (Fees)	101,900	102,919	104,957
TOTAL OTHER AGENCIES	10,416,264	5,084,138	5,184,814
PECFA Admin	1,764,900	1,782,549	1,800,374
Petro & Tanks	6,977,300	7,047,073	7,117,544
COMMERCE ADMIN TOTAL	8,742,200	8,829,622	8,917,918
PECFA Awards	61,102,653	84,031,700	84,031,700
COMMERCE TOTAL	69,844,853	92,861,322	92,949,618
TOTAL AUTHORITY	81,042,617	97,945,460	98,134,432
s. 13.10 Petro Operations	598,200		
s. 13.10 PECFA Admin.	160,000		
s. 13.10 PECFA Awards	30,000,000		
B.B. Petro Fund (13.10-related)		1,019,400	300,000
B.B. Petro Fund (Other)		500,000	500,000
B.B. PECFA Awards		7,100,000	7,100,000
ENDING BALANCE	10,722,183	10,207,323	11,283,391

CASH FLOW 97 WITH INCREASES

	SFY97 REVENUE	TOTAL REVENUE	PECFA AWARDS	EXPENDITURES DILHR	OTHER AGENCIES	ENCUM- BRANCES	BALANCE
CARRY-IN	17,523,000						
JUL			7,591,888	791,700	868,022	781,500	7,489,890
AUG	8,750,000	26,273,000	7,591,888	791,700	868,022		6,988,281
SEP	8,750,000	35,023,000	7,591,888	791,700	868,022		6,486,671
OCT	8,750,000	43,773,000	7,591,888	791,700	868,022		5,985,061
NOV	8,750,000	52,523,000	7,591,888	791,700	868,022		5,483,451
DEC	8,750,000	61,273,000	7,591,888	791,700	868,022		4,981,842
JAN	8,750,000	70,023,000	7,591,888	791,700	868,022		4,480,232
FEB	8,750,000	78,773,000	7,591,888	791,700	868,022		3,978,622
MAR	8,750,000	87,523,000	7,591,888	791,700	868,022		3,477,012
APR	8,750,000	96,273,000	7,591,888	791,700	868,022		2,975,403
MAY	8,750,000	105,023,000	7,591,888	791,700	868,022		2,473,793
JUN	8,750,000	113,773,000	7,591,888	791,700	868,022		1,972,183
JULY/JUNE	8,750,000	122,523,000	7,591,888	791,700	868,022		10,722,183
	105,000,000		91,102,653	9,500,400	10,416,264		
PECFA Awards	91,102,653						
Commerce Admin.	9,500,400						
Other Agencies	10,416,264						
Encumbrances	781,500						
increase	30,000,000						
increase	758,200						

CASH FLOW 98 WITH INCREASE

	SFY97 REVENUE	TOTAL REVENUE	PECFA AWARDS	DILHR	EXPENDITURES OTHER AGENCIES	ENCUM- BRANCES	BALANCE
CARRY-IN	10,722,183						
JUL			7,594,308	862,419	423,678	0	1,841,778
AUG	8,837,500	19,559,683	7,594,308	862,419	423,678		1,798,873
SEP	8,837,500	28,397,183	7,594,308	862,419	423,678		1,755,968
OCT	8,837,500	37,234,683	7,594,308	862,419	423,678		1,713,063
NOV	8,837,500	46,072,183	7,594,308	862,419	423,678		1,670,158
DEC	8,837,500	54,909,683	7,594,308	862,419	423,678		1,627,253
JAN	8,837,500	63,747,183	7,594,308	862,419	423,678		1,584,348
FEB	8,837,500	72,584,683	7,594,308	862,419	423,678		1,541,443
MAR	8,837,500	81,422,183	7,594,308	862,419	423,678		1,498,538
APR	8,837,500	90,259,683	7,594,308	862,419	423,678		1,455,633
MAY	8,837,500	99,097,183	7,594,308	862,419	423,678		1,412,728
JUN	8,837,500	107,934,683	7,594,308	862,419	423,678		1,369,823
JULY/JUNE	8,837,500	116,772,183					10,207,323
	106,050,000		91,131,700	10,349,022	5,084,138		
PECFA Awards	91,131,700						
Commerce Admin.	10,349,022						
Other Agencies	5,084,138						
Encumbrances							

CASH FLOW 99 WITH INCREASE

	SFY99 REVENUE	TOTAL REVENUE	PECFA AWARDS	EXPENDITURES DILHR	EXPENDITURES OTHER AGENCIES	ENCUM- BRANCES	BALANCE
CARRY-IN	10,207,323						
JUL			7,594,308	809,827	432,068	0	1,371,120
AUG	8,925,875	19,133,198	7,594,308	809,827	432,068		1,460,793
SEP	8,925,875	28,059,073	7,594,308	809,827	432,068		1,550,465
OCT	8,925,875	36,984,948	7,594,308	809,827	432,068		1,640,137
NOV	8,925,875	45,910,823	7,594,308	809,827	432,068		1,729,810
DEC	8,925,875	54,836,698	7,594,308	809,827	432,068		1,819,482
JAN	8,925,875	63,762,573	7,594,308	809,827	432,068		1,909,154
FEB	8,925,875	72,688,448	7,594,308	809,827	432,068		1,998,827
MAR	8,925,875	81,614,323	7,594,308	809,827	432,068		2,088,499
APR	8,925,875	90,540,198	7,594,308	809,827	432,068		2,178,171
MAY	8,925,875	99,466,073	7,594,308	809,827	432,068		2,267,844
JUN	8,925,875	108,391,948	7,594,308	809,827	432,068		2,357,516
JULY/JUNE	8,925,875	117,317,823		809,827	432,068		11,283,391
	107,110,500		91,131,700	9,717,918	5,184,814		

PECFA Awards 91,131,700
 Commerce Admin. 9,717,918
 Other Agencies 5,184,814
 Encumbrances